

A N N U A L R E P O R T



1 9 5 8

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

FOR FORTY-FOUR CONSECUTIVE YEARS IT HAS BEEN TRUE



MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

A N N U A L R E P O R T

TO THE SHAREHOLDERS

THE GOODYEAR TIRE & RUBBER

COMPANY OF CANADA • LIMITED

NEW TORONTO • ONTARIO

FOR THE FISCAL YEAR ENDED DECEMBER 31 1958



Goodyear supplies more than 700 types and sizes of tires to meet the requirements of the Canadian market. Shown here with a sample of the variety of tires produced by the Company are, from left: A. W. Denny, Vice-President; L. E. Spencer, Executive Vice-President; R. C. Berkinshaw, C.B.E., President and General Manager and H. G. Harper, Vice-President.

GENERAL OFFICES

NEW TORONTO, ONT.

FACTORIES

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

QUEBEC CITY, QUE.

COTTON PLANT

ST. HYACINTHE, QUE.

BRANCHES

MONCTON, N.B.

607 St. George St.

QUEBEC, QUE.

1225 Charest Blvd.

MONTREAL, QUE.

2050 Côte de Liesse Road

TORONTO, ONT.

Kipling and Horner Aves., Toronto 18.

LONDON, ONT.

1700 Dundas St. E.

WINNIPEG, MAN.

Sargent Ave. and Madison St.

REGINA, SASK.

2410 Dewdney Ave.

SASKATOON, SASK.

302 Pacific Ave.

CALGARY, ALTA.

238-11th Ave. East

EDMONTON, ALTA.

11330-143rd St.

VANCOUVER, B.C.

2625 Rupert St.

WHOLESALE DISTRIBUTORS

HALIFAX, N.S.

Maritime Accessories Limited, Sackville and South Park Sts.

ST. JOHN'S, NFLD.

A. E. Hickman Company Limited

BOARD OF DIRECTORS

R. C. BERKINSHAW, C.B.E., TORONTO

A. W. DENNY, TORONTO

R. DEYOUNG, AKRON

H. G. HARPER, TORONTO

P. E. H. LEROY, AKRON

P. W. LITCHFIELD, AKRON

A. DEANE NESBITT, O.B.E., D.F.C., MONTREAL

L. E. SPENCER, TORONTO

E. J. THOMAS, AKRON

OFFICERS

R. C. BERKINSHAW, C.B.E., *President and General Manager*

L. E. SPENCER, *Exec. Vice-President*

A. W. DENNY, *Vice-President*

H. G. HARPER, *Vice-President*

R. W. RICHARDS, *Vice-President*

C. B. COOPER, *General Sales Manager*

D. C. CARLISLE, *Treasurer*

K. E. KENNEDY, Q.C., *Secretary and General Counsel*

J. G. WILLIAMS, *Comptroller*

J. W. PHILP, *Assistant Treasurer*

G. G. MERRITT, *Assistant Treasurer*

A. E. ROBINETTE, Q.C., *Assistant Secretary*

C. W. J. EVANS, *Assistant Comptroller*

W. N. FERGUSON, *Assistant Comptroller*

ANNUAL REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

The consolidated balance sheet of the Company and its subsidiaries as of December 31 1958 and the consolidated statements of profit and loss and earned surplus showing the results of operations for the year, together with the report of the Company's auditors, Price Waterhouse & Co., are submitted herewith.

The consolidated net income for the year amounted to \$3,864,241 or \$13.92 per common share, as compared with \$4,420,954 or \$16.07 per common share for the year 1957. Replacement sales were well maintained but lower selling prices in a highly competitive market had an adverse effect on profits. Sales to the automotive industry, however, were lower than in the previous year due to the recession which carried forward well into 1958.

Common stock dividends, totalling \$6.00 per share and amounting to \$1,543,560 were paid during the year. Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares.

Earnings for the year retained and used in the business amounted to \$2,037,595.

Capital expenditures during the year for expansion, improvements and replacements of property, totalled \$3,132,023 and depreciation amounted to \$2,463,704.

Working capital increased by \$2,109,465 to \$29,528,407 as a result of the year's operations and the ratio of current assets to current liabilities is 8.0 to 1 compared with 6.7 to 1 at the end of 1957.

Inventories of raw materials, work in process and finished goods have been thoroughly reviewed and have been valued on the basis of the lower of average cost or market except in the case of unprocessed rubber on hand or in transit which, in accordance with the Company's practice, was valued at cost as determined by the last-in, first-out method of accounting.

To maintain the coverage of the Company's pension, hospitalization and related benefits, supplemental unemployment benefits, and group insurance plans, there is included in the attached consolidated profit and loss statement a charge to income of \$1,594,000.

Taxes of all kinds provided in 1958 totalled \$7,744,000 equivalent to \$30.10 per share of issued common stock, as compared with \$8,234,000 or \$32.01 per share in 1957.

The decline in business activity during the first part of the year with a gradual levelling off and modest rise during the last six months was reflected in a decrease in

your Company's sales of tires to automobile manufacturers and of industrial rubber products.

An increase in the volume of tire sales in the replacement market and for farm equipment was not sufficient to offset the lower demand for tires for original equipment.

However, we forecast an improvement in this market since public acceptance of the 1959 models, introduced during the last quarter of 1958, was most gratifying and it is estimated that new car sales for the current year will be substantially higher than those of 1958.

During the year your Company introduced three new tires with successful results. In the spring, Goodyear offered a new Deluxe Super-Cushion Nylon tire designed to meet the needs of the price-conscious consumer while maintaining traditional Goodyear quality. As a result of its acceptance during the year there was a marked increase in the percentage of nylon tires in passenger car use.

For the trucking industry, your Company introduced a new traction tire, the Hi-Miler Cross-Rib. It was designed especially for truck drive wheels which take the brunt of wear and tear as truckers travel further and faster. Designed to meet conditions of long, hot runs with heavy loads, the Cross-Rib has won immediate and wide acceptance by the trucking industry.

The new "Suburbanite" winter tire has maintained Goodyear's traditional leadership in this field. Since the introduction of the "Suburbanite" tire in 1952, it has consistently proved to be the most popular winter tire on the market. The new tread has been designed to maintain the outstanding traction of the "Suburbanite" and at the same time provide a quieter ride over dry pavement and the softer ride required by new model automobiles for the utmost in driving comfort.

There has been a rapid growth in the use of retreaded tires in recent years due to improvements in tire carcasses, which now can provide many more miles of safe, economical driving through retreading. Capital requirements to provide a modern retreading plant to serve this growing market are substantial and beyond the capacities of many independent operators. This has led your Company to establish within recent years Goodyear retread plants at strategic points across Canada.

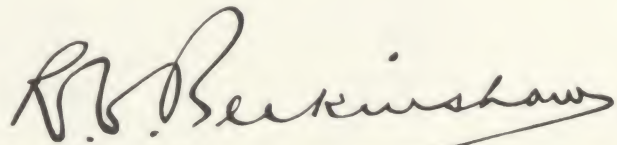
The program of improvement in your Company's branch facilities was continued with a new branch building completed during the year to serve the growing needs of the Edmonton territory.

As indicated in last year's report, construction was started on a new distribution centre and district sales office in the Metropolitan Toronto area. A description of the distribution centre and its operations are outlined elsewhere in this report.

Your Directors are confident that the gradual improvement in business activity evident in the latter part of 1958 will continue throughout the coming year. This improvement is expected to lead to a modest expansion in the market for industrial rubber products and a substantial increase in the market for tires. However, with excess capacity still affecting the rubber industry, we can expect the prevailing competitive conditions to continue and pressure on prices and profits will remain a major factor in our operations.

Your Company's success in meeting the difficulties of the past year is, in very large measure, due to the spirit of cooperation and enthusiasm displayed by the employees of your Company and to the loyalty and cooperation of our independent dealers. We extend our thanks to them for their support and to our shareholders for their continued interest and confidence in the Board.

On behalf of the Board,

A handwritten signature in dark ink, reading "R. B. Beckinslow". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

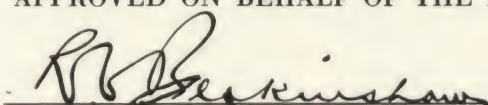
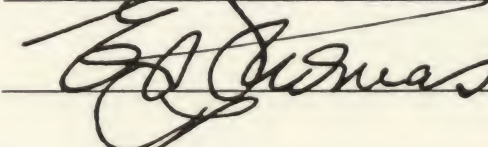
President and General Manager.

February 11, 1959.

THE GOODYEAR TIRE & RUBBER COMPANY OF

CONSOLIDATED

A S S E T S

	December 31 1958	December 31 1957
CURRENT ASSETS:		
Cash.....	\$ 2,053,681	\$ 711,783
Government of Canada Treasury Bills.....	999,406	—
Accounts receivable, less provision for bad debts—1958— \$537,759; 1957—\$518,022.....	9,440,792	8,527,754
Inventories at cost (partly last-in, first-out) or market which- ever is lower.....	21,245,005	23,020,107
TOTAL CURRENT ASSETS.....	33,738,884	32,259,644
INVESTMENTS AND OTHER ASSETS:		
Mortgages, agreements of sale, etc.....	808,760	896,170
Deferred charges to future operations.....	198,752	234,694
	<u>1,007,512</u>	<u>1,130,864</u>
PROPERTY ACCOUNTS:		
Land, buildings, machinery and equipment, at cost.....	43,453,315	42,080,465
Less—Depreciation.....	31,009,255	29,602,837
	<u>12,444,060</u>	<u>12,477,628</u>
APPROVED ON BEHALF OF THE BOARD:		
 Director		
 Director	<u>\$47,190,456</u>	<u>\$45,868,136</u>

CANADA, LIMITED AND SUBSIDIARY COMPANIES

BALANCE SHEET

LIABILITIES

	December 31 1958	December 31 1957
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities.....	\$ 2,564,298	\$ 3,590,415
Accrued income and other taxes payable.....	1,575,408	1,178,665
Preferred stock dividend payable.....	70,771	71,622
TOTAL CURRENT LIABILITIES.....	4,210,477	4,840,702
 SHAREHOLDERS' EQUITY:		
Capital Stock:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized and outstanding—1958—141,543 shares; 1957—143,244 shares.....	7,077,150	7,162,200
Common shares, no par value:		
Authorized—290,660 shares; issued—257,260 shares....	128,630	128,630
Capital Surplus.....	692,350	692,350
Reserve for Contingencies.....	—	1,000,000
Earned Surplus.....	35,081,849	32,044,254
	42,979,979	41,027,434
	 <u><u>\$47,190,456</u></u>	 <u><u>\$45,868,136</u></u>

CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year ended December 31	
	1958	1957
Profit from operations before providing for depreciation and income taxes.....	\$ 8,607,064	\$10,343,051
Income from investments.....	87,590	54,853
Profit on disposal of properties.....	443,896	—
	<u>9,138,550</u>	<u>10,397,904</u>
Deduct:		
Provision for depreciation.....	2,463,704	2,550,939
Provision for income taxes.....	2,810,605	3,426,011
	<u>5,274,309</u>	<u>5,976,950</u>
Net profit for the year.....	<u>\$ 3,864,241</u>	<u>\$ 4,420,954</u>

CONSOLIDATED EARNED SURPLUS STATEMENT

	Year ended December 31	
	1958	1957
Balance at beginning of year.....	\$32,044,254	\$29,453,324
Net profit for the year.....	3,864,241	4,420,954
Reserve for contingencies restored to earned surplus.....	1,000,000	—
	<u>36,908,495</u>	<u>33,874,278</u>
Deduct:		
Dividends:		
On four per cent. preferred shares.....	283,086	286,464
On common shares.....	1,543,560	1,543,560
	<u>1,826,646</u>	<u>1,830,024</u>
Balance at end of year.....	<u>\$35,081,849</u>	<u>\$32,044,254</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accounts receivable at December 31 1958 include \$537,383 due from affiliated companies and \$676,782 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Rentals payable under leases expiring more than three years from December 31 1958 aggregate approximately \$475,000 annually.

A U D I T O R S ' R E P O R T

PRICE WATERHOUSE & CO.

55 YONGE STREET
TORONTO 1

January 26 1959

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31 1958 and the consolidated statements of profit and loss and earned surplus for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of profit and loss and earned surplus present fairly the consolidated financial position of the companies as at December 31 1958 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse Co.
Chartered Accountants.

D I S T R I B U T I O N A N D S E R V I C E

The major expansion project during the year was construction of a new Distribution Centre designed to provide a more efficient service between production facilities and our branches and other sales outlets.

The new building, which will also house the Central Ontario Division Sales Office, is situated on a 24 acre site on the former Long Branch Race Track in Etobicoke, Ontario.

With 375,000 sq. ft. or approximately 8½ acres of floor space, the building will eliminate the need of several factory warehouses throughout the province and provide adequate room for expected growth in your company's business over the next few years.

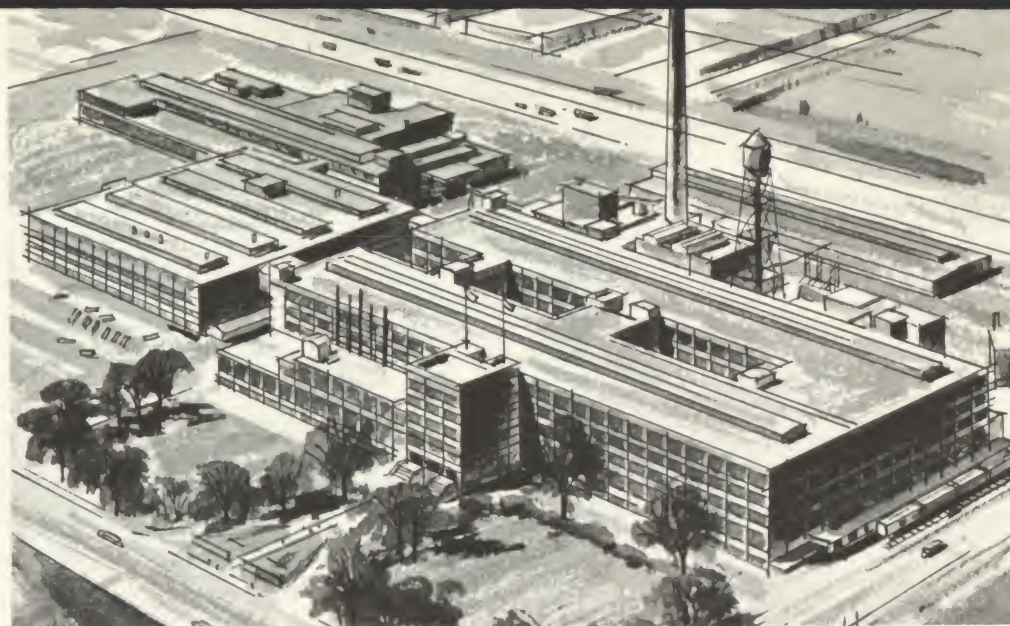
The facilities include an enclosed railway siding to accommodate 16 railway cars at one time and a 320 foot receiving dock for transport trucks. Office space for both the Distribution Centre and the Divisional Sales Office is provided on the south-east corner of the building on two floors.

The Distribution Centre is a major development in your Company's plans to make more effective use of inventory and improve our distribution system in anticipation of the demands of the market in the years ahead.

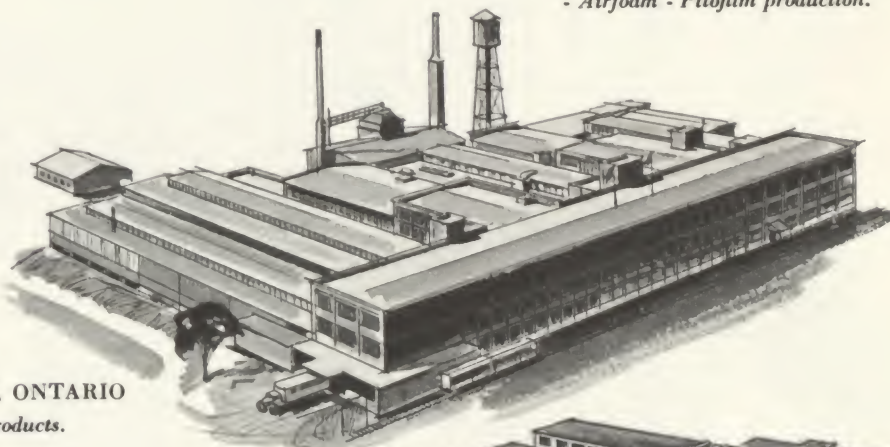
By streamlining the distribution system and using the latest in equipment and facilities at the new Etobicoke building, your Company expects to reduce the time between production and delivery to sales outlets and to minimize the pressure on costs caused by the constantly increasing need for more and faster service to our customers.

Distribution service is as essential in modern merchandising as quality of product and prices that provide full value. Over the years, your Company's leadership has been achieved through constant development and improvement of these three elements of merchandising.

Goodyear has always serviced the largest number of independent dealers in Canada and the resulting widespread distribution of Goodyear products has helped your Company maintain its sales leadership. The new Distribution Centre will play an important role in maintaining and expanding your Company's leadership in a highly competitive market.



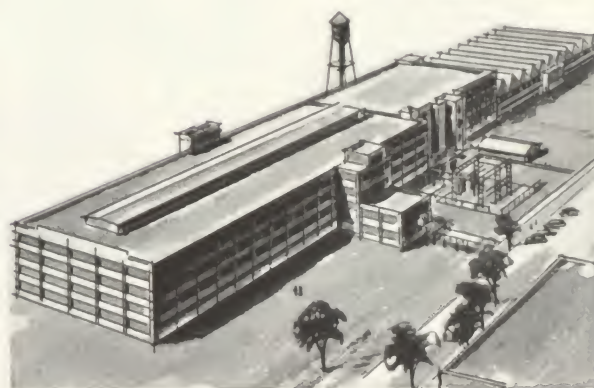
NEW TORONTO
Head Office - Tire
- Airfoam - Pliofilm production.



BOWMANVILLE, ONTARIO
Industrial rubber products.



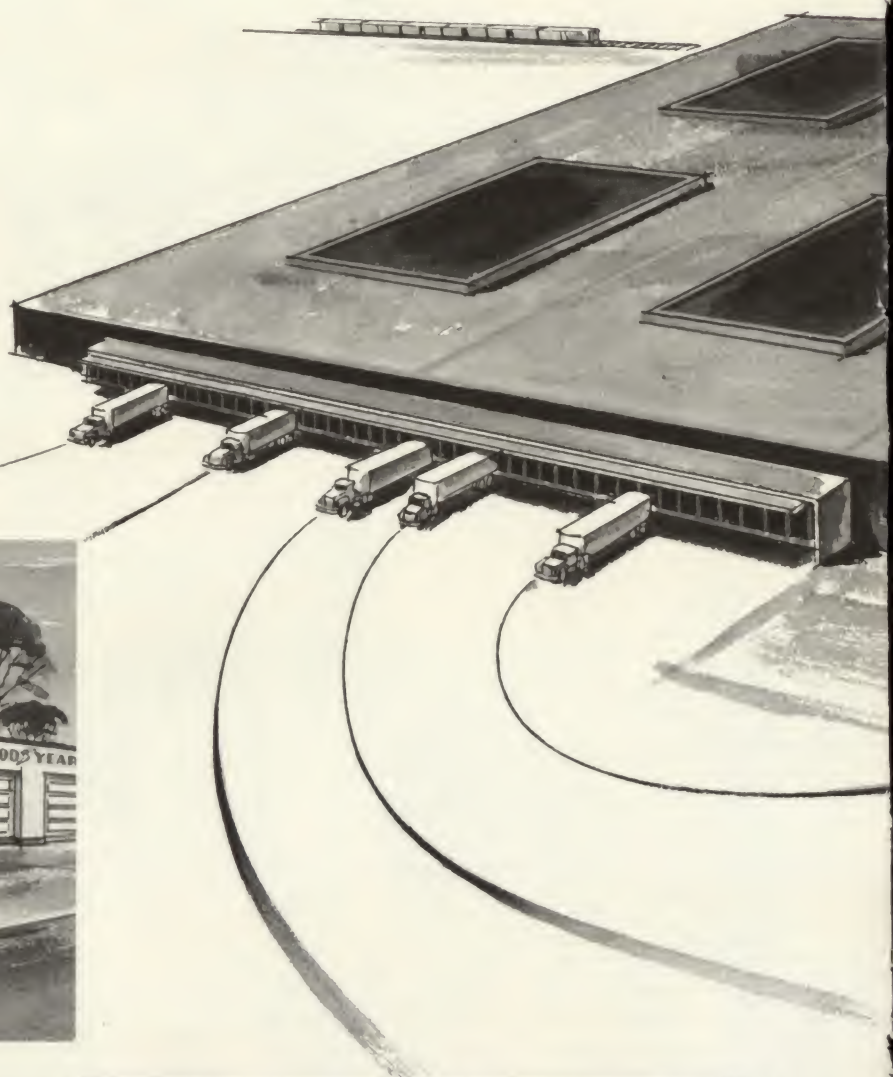
QUEBEC, P.Q.
Shoe products and molded rubber goods.



ST. HYACINTHE, QUEBEC —
GOODYEAR COTTON COMPANY
Tire cord, and fabrics.



Goodyear Sales Branches



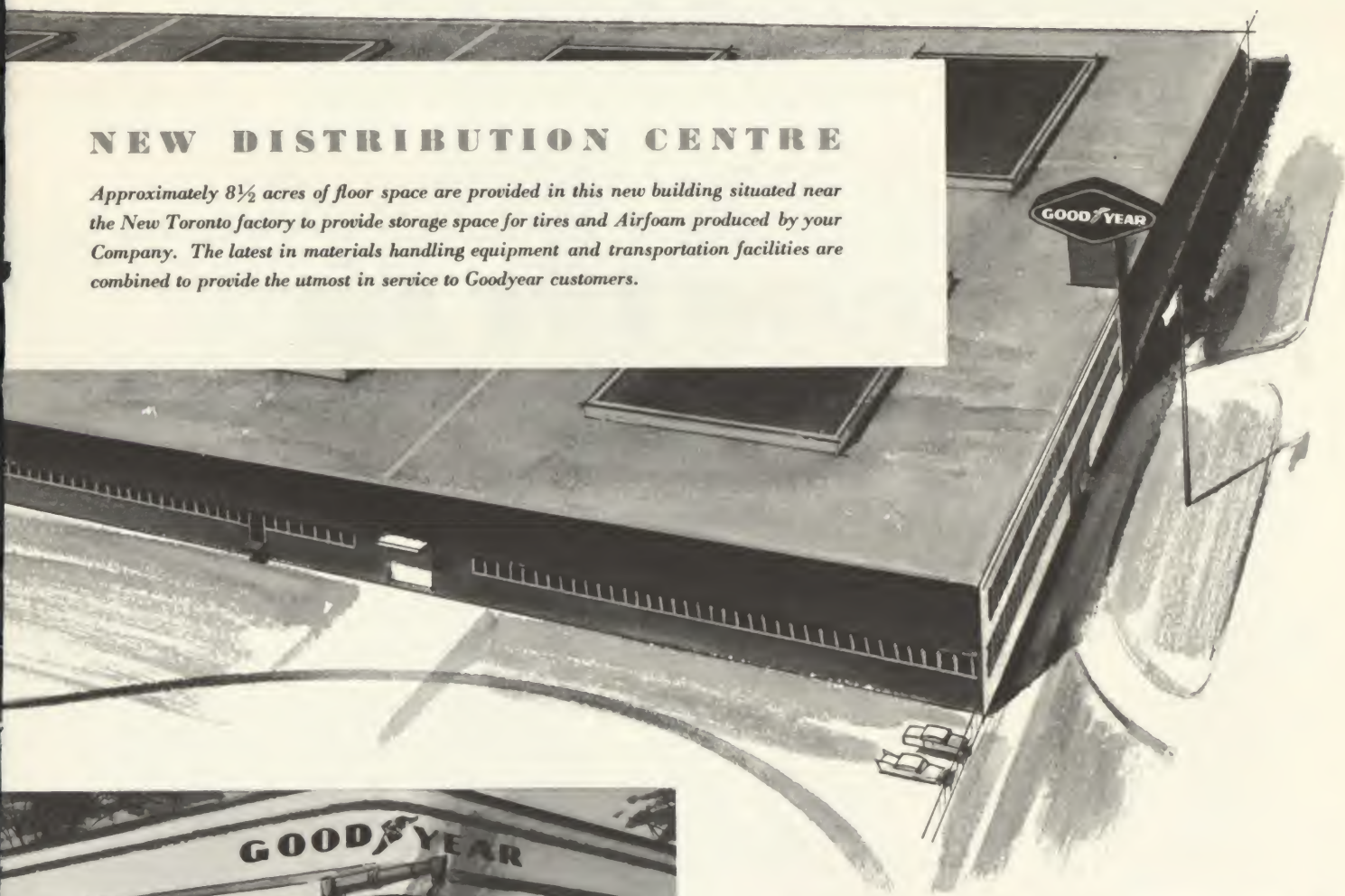
Goodyear Stores

Oil Company Dealers



NEW DISTRIBUTION CENTRE

Approximately 8½ acres of floor space are provided in this new building situated near the New Toronto factory to provide storage space for tires and Airfoam produced by your Company. The latest in materials handling equipment and transportation facilities are combined to provide the utmost in service to Goodyear customers.



Farm Equipment Dealers



Independent Tire Dealers

THE GREATEST NAME IN RUBBER



TIRES

TUBES

CAPTIVE AIR LIFEGUARD SHIELDS *

BATTERIES

AUTOMOTIVE ACCESSORIES

BELTING

HOSE

PACKING

MOLDED GOODS

AIRFOAM *

PLIOFILM *

PLIOBOND *

PLIOLITE *

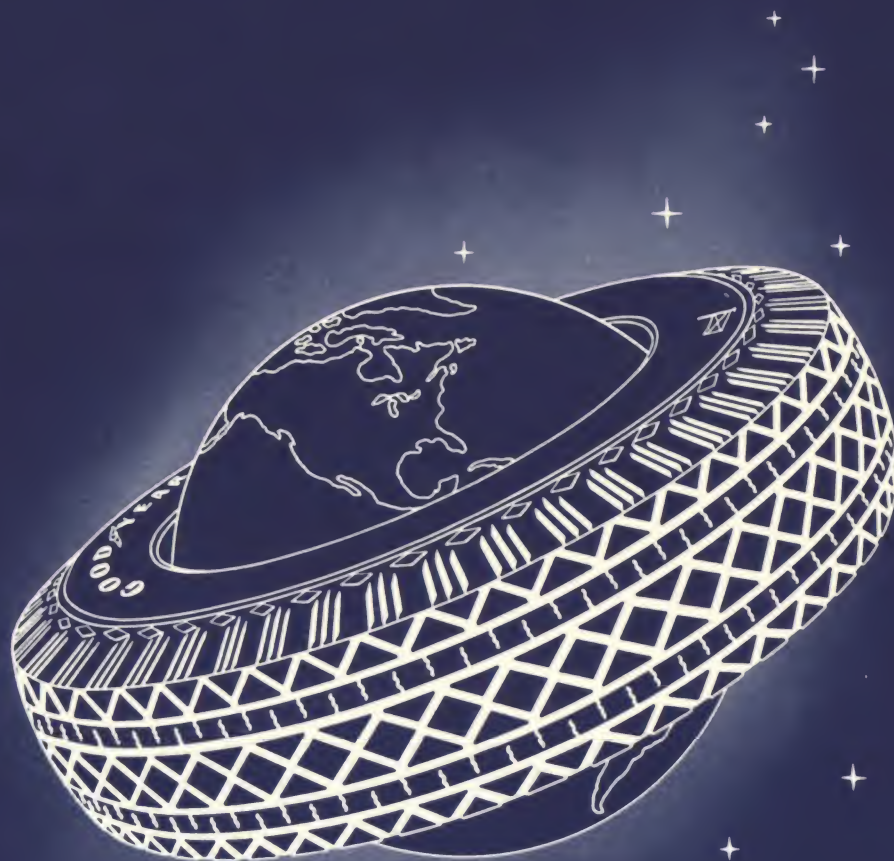
AVIATION PRODUCTS

NEOLITE *

RUBBER SOLES AND HEELS

*** Registered Trademark**

FOR FORTY-FOUR CONSECUTIVE YEARS IT HAS BEEN TRUE



MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

